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CIS

- Ways and Means Committee -
ESTIMATED BUDGET EFFECTS OF REVENUE RECONCILIATION PROPOSAL

CHAIRMAN'S MARK

Fiscal Years 1990-1994
[Millions of Dollars]

Item	1990	1991	1992	1993	1994	1990-94
I. PRIOR COMMITTEE ACTION						
A. Repeal Financial Institution (FSLIC & FDIC) Tax Benefits (H.R. 1278) (effective 5/10/89) (1).....	253	346	351	310	213	1,469
B. Technical Corrections.....	-2	-9	-8	-5	-4	-28
Subtotals:	251	337	343	305	209	1,441
II. ADMINISTRATION PROPOSALS*						
A. Suspend Airport & Airway Trust Fund tax reduction trigger until expiration of present taxes (effective 1/1/90) (3).....	851	269	--	--	--	1,120
B. Loophole Closers:						
1. Characterize certain high-yield original issue discount (OID) obligations as preferred stock.....	25	51	94	131	160	461
2. Consolidated computation of earnings and profits for corporations filing consolidated returns.....	37	77	129	176	229	648
3. Like-kind exchanges:						
a. Limit like-kind exchanges to similar use property.....	143	222	273	325	378	1,341
b. Restrict basis shifting techniques in certain related-party like-kind exchanges.....	100	120	130	140	151	641
c. Amend holding period requirements for like-kind exchanges.....	(4)	(4)	(4)	(4)	(4)	(4)
4. Repeal special treatment provided certain personal injury liability assignments (structured settlements) (section 130).....	107	112	118	126	134	597
5. Limit section 104 exclusion from income to amount received for personal injury.....	4	8	8	10	12	42
6. Tax pre-contribution gain on certain in-kind partnership distributions.....	5	10	10	11	11	47
7. Limit nonrecognition treatment when securities are received in certain section 351 transactions.....	105	165	168	159	61	678
Subtotals:	1,377	1,034	930	1,078	1,156	5,575

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Item	1990	1991	1992	1993	1994	1990-94
III. MODIFIED ADMINISTRATION PROPOSALS*						
A. Impose Oil Spill Liability Trust Fund petroleum tax (effective 10/1/89 through 12/31/91) at \$0.03 per barrel (cap at \$300 million), without waiting for authorizing legislation.....	69	122	41	--	--	232
B. Telephone excise tax						
1. Extend 3% tax for one year (1991).....	--	1,612	1,003	--	--	2,615
2. Modify collection period of tax (100% speedup, effective for taxes billed by service producers after June 30, 1990).....	102	7	-109	--	--	---
Subtotals:	171	1,741	935	0	0	2,847
IV. OTHER PROPOSALS*						
A. Employee Stock Ownership Plan (ESOP) proposals:						
1. Repeal partial interest exclusion for interest paid on ESOP loans (section 133) (effective 6/7/89) (5).....	1,265	1,705	2,080	2,325	2,660	10,175
2. Repeal the deduction for dividends paid on employer securities obtained by an ESOP (section 404(k)).....	368	464	612	724	811	2,979
3. Impose 3-year holding period on seller to be eligible for tax-free rollover (section 1042).....	(4)	(4)	(4)	(4)	(4)	(4)
B. Repeal transition rule for certain high withholding tax interest (H.R. 2697) (effective 1/1/90).....	263	325	255	165	83	1,091
C. Repeal remaining portion of completed contract method of accounting.....	171	390	262	116	28	967
D. Corporate mergers and acquisitions:						
1. Certain transactions involving foreign and other tax-exempt investors:						
a. Limit interest deductions for earnings-stripping payments to related parties.....	28	38	44	47	49	206
b. Tax stock gains of certain foreign investors.....	(4)	(4)	(4)	(4)	(4)	(4)
2. Clarify Treasury regulation authority relating to debt/equity (section 385).....	(4)	(4)	(4)	(4)	(4)	(4)
3. Require reporting to IRS of acquisitions and recapitalizations (effective on date of enactment).....	(4)	(4)	(4)	(4)	(4)	(4)
4. Require Treasury study of "debt versus equity" and integration issues.....	--	--	--	--	--	---
E. Permit limited use of excess pension funds to pay current retiree health benefits (effective 1/1/90).....	286	465	176	(2)	(2)	927
F. Include certain deferred compensation in calculation of indexing of FICA base (effective 1/1/90):						
1. Revenue.....	400	1,100	1,100	1,100	1,100	4,800
2. Offsetting outlay.....	-90	-250	-450	-710	-1,020	-2,520
G. Impose gasoline excise tax when gasoline is received at terminal (effective 10/1/89).....	117	60	60	60	60	357
H. Require corporate estimated tax payments on tax liability for certain Subchapter S income (effective 1/1/90).....	25	(4)	(4)	(4)	(4)	25
I. Impose income tax withholding on the wages of certain agricultural workers (effective 1/1/90).....	270	68	21	22	23	404
J. Require regulated investment companies (mutual funds) to distribute 98% of ordinary income to their shareholders (effective for taxable years ending after date of Committee action).....	50	5	5	5	5	70

Item	1990	1991	1992	1993	1994	1990-94
K. Adjust basis for mutual fund load charge only if shareholder holds shares for 30 days.....	14	28	13	5	3	63
L. Reduce built-in gain or loss threshold of sections 382 and 384 to lesser of 15% or \$10 million.....	25	42	44	46	49	206
M. Increase enforceability of section 482 with respect to U.S. subsidiaries and branches of foreign corporations through improved reporting.....	60	80	85	90	95	410
N. Modify excess loss account recapture rules to prevent shifting of basis to debt.....	54	69	61	52	4	278
O. Require basis reduction for nontaxed portion of dividends on self-liquidating ("wasting") stock.....	6	10	11	12	1	52
P. Repeal special 10-year write-off for costs of acquiring franchises, trademarks, and tradenames where payment exceeds \$100,000 (section 1253(d)(2)).....	55	90	115	135	150	545
Q. Conform tax years of controlled foreign corporations and foreign personal holding companies to the tax years of their U.S. shareholders.....	48	71	71	71	36	297
R. Change the sourcing of foreign income of certain commonly-controlled nonconsolidated corporations.....	20	37	41	45	49	192
S. Equalize excise taxes on pipe and chewing tobacco and snuff at \$2.67 per pound (current minimum cigarette excise tax rate) (effective 10/1/89).....	105	103	101	98	96	503
Subtotals:	3,540	4,900	4,707	4,408	4,332	22,027
GRAND TOTALS.....	5,339	8,012	6,915	5,791	5,697	31,890
July 11, 1989						

- * Effective for transactions after July 10, 1989, unless otherwise noted.
- (1) Estimate total includes a loss of \$4 million in FY 1989.
 - (2) Gain of less than \$500,000.
 - (3) Estimate assumes elimination of trigger with no extension of taxes.
 - (4) Gain of less than \$5 million.
 - (5) Estimate total includes a gain of \$140 million in FY 1989.